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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of	)	
	)	
Administration of the	)	CC Docket 92-237
North American Numbering Plan	)	
Carrier Identification Codes (CICs)	)	
	)	

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REPLY COMMENTS OF WORLDCOM, INC.

WorldCom, Inc. ("WorldCom") submits the following reply comments in response to the comments filed by other parties on March 6, 1998 concerning the Commission's Further Notice of Proposed Rulemaking and Order[1] in the above captioned proceeding.

I. INTRODUCTION AND SUMMARY

In reviewing the comments filed by other parties in this proceeding, it is clear that the industry has reached consensus on most of the major issues raised by the Commission in the Further Notice, and that this consensus is well represented in the NANC Recommendations[2] filed with the Commission on February 19, 1998. Of significant note,

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[1] Further Notice of Proposed Rulemaking and Order, Administration of the North American Numbering Plan, Carrier Identification Codes (CICs), FCC 97-364, CC Docket No. 92-237 (released October 9, 1997)("Further Notice").

[2] Report and Recommendations of the CIC Ad Hoc Working Group to the North American Numbering Council (NANC) Regarding the Use and Assignment of Carrier Identification Codes (CICs), February 18, 1998, adopted unanimously by the NANC of February 18, 1998, forwarded to the Commission on February 19, 1998 by Alan C. Hasselwander, Chairman, North American Numbering Council ("NANC

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not a single commenter embraced the Commission's proposal to replace all of the existing industry guidelines governing the assignment of Carrier Identification Codes ("CICs") with Commission rules.[3] Instead, those commenters that discussed the issue of Commission rules agreed with the NANC Recommendations that only the guidelines regarding the activation and usage of CICs should be codified in Commission rules.

Although most commenters supported the NANC Recommendations there were two areas of disagreement that require some additional discussion. First, although much of the industry agreed with the NANC's recommended definition of entity, AT&T and WinStar suggested different percentages of ownership as being indicative of control.[4] WorldCom believes that the ownership percentages that they suggest are too low and may discourage investment by larger carriers in small, innovative companies. The Commission should adopt the definition put forward by the NANC.

Second, although almost all parties agreed with the NANC Recommendation that any CIC limits should only apply to directly assigned CICs and not to CICs acquired through mergers and acquisitions, WinStar supported the Commission's proposal to end the distinction between directly assigned CICs and "merger" CICs,[5] while GTE proposed to

Recommendations").

[3] Further Notice at ¶10.

[4] See AT&T Comments at 10; WinStar Comments at 3. AT&T actually prefers to retain the existing definition of entity and only in the alternative offers 10% ownership as indicia of control.

[5] WinStar Comments at 4.

place an upper limit on the total number of CICs that an entity can hold regardless of the means through which they are obtained.[6] As described in detail in WorldCom's comments, both approaches to limiting merger CICs would discourage pro-competitive mergers and impose substantial and unnecessary costs on consumers without significantly benefiting conservation of the numbering resource.[7] In addition, WinStar's concern about CIC availability should be eased if the Commission adopts the NANC Recommendation that "in the long term, entities should not be constrained to the direct assignment of six codes, but that the CIC allocation be expanded to better serve the needs of access customers."[8] The Commission should reject those approaches in favor of the NANC Recommendation which does not penalize pro-competitive business combinations, create unnecessary cost, or lead to customer disruption.

In a slightly different twist, BellSouth suggests that merger and acquisition CICs count against whatever direct assignment limits are adopted; that is, once an entity's number of CICs exceeds the limit, that entity would no longer be eligible for any further directly assigned CICs. WorldCom, along with the NANC, believes that, with the increased number of CICs that will soon be coming available, no such limitation is necessary.

Finally, WorldCom supports the recommendation of IXC Long Distance, Inc. ("IXC") that reseller identification codes ("RICs") (which WorldCom believes the

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[6] GTE Comments at 8.

[7] WorldCom Comments at 9.

[8] NANC Recommendations at ¶24.

Commission addressed as "pseudo-CICs") that can be used in place of CICs be developed for the purpose of reseller identification. WorldCom believes that such RICs (or pseudo-CICs) will help to combat slamming, lessen consumer confusion, and conserve CICs.

WorldCom urges the Commission to adopt the NANC Recommendations and to assist the industry in the development of RICs.

II. THE COMMISSION SHOULD ADOPT THE NANC'S RECOMMENDED DEFINITION OF ENTITY

In its initial comments, WorldCom expressed concern that the Commission's proposed definition of entity, by eliminating control as an element so that the definition hinges solely on the slightest degree of ownership, could unnecessarily "deter or prevent some CIC assignees from investing in ventures that may lead to new technologies or services."[9] The NANC, along with most commenters, agreed with this concern and recommended that the definition of entity retain the control element, with control defined as 50% or more ownership.[10]

AT&T, however, although apparently sharing WorldCom's concern regarding the Commission's proposed definition, suggests that the Commission retain the guidelines' existing definition or, in the alternative, define "control" to be a 10% or greater ownership interest.[11] Retaining the existing definition, however, does not address the Commission's

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[9] WorldCom Comments at 7.

[10] NANC Recommendations at ¶21.

[11] AT&T Comments at 9.

concerns that the vagueness of the current definition renders it difficult for the NANPA to apply it easily. The 10% ownership alternative proposed by AT&T suffers from the same deficiency as the Commission's proposed definition. Investment in new ventures will be discouraged if a low threshold of ownership results in companies being considered a single entity for purposes of CIC allocation. Particularly as the telecommunications industry is undergoing revolutionary change, CIC allocation should not be a major consideration for investment.

WinStar, which did not participate in the NANC Ad Hoc Subcommittee and appears not to be familiar with the NANC Recommendations, reached the same conclusion as the NANC regarding the Commission's proposed definition of entity, but suggests an ownership threshold of 30% for determining control.[12] Although the WinStar approach is better than either the Commission's or AT&T's proposed definitions of entity, WorldCom believes that the definition recommended by NANC will better serve the public interest by enabling companies to more freely invest in new enterprises without having to worry about artificial numbering considerations. Only when a there is 50% ownership should companies be said to be a single entity for purposes of CIC allocation.

III. PUBLIC POLICY WILL NOT BE SERVED BY PLACING LIMITS ON THE NUMBER OF CICS OBTAINED THROUGH MERGERS AND ACQUISITIONS

Most of the parties filing comments in response to the Commission's Further Notice supported NANC's recommendation that CICs obtained through mergers and

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[12] WinStar Comments at 3.

acquisitions should not be subject to the limits that apply to CICs acquired through direct assignment, and opposed the Commission's proposal to remove the distinction between the two. There is ample reason for treating merger and acquisition CICs differently from directly assigned CICs. First, as WorldCom explained at length in its initial comments, once a CIC has been placed into active use, it is a very difficult, costly and customer disruptive process to remove that CIC from service. If CICs must be returned following a merger or acquisition, some companies may be discouraged -- or even prevented -- from entering into pro-competitive and pro-consumer combinations that the Commission would otherwise find to be in the public interest. CICs should be a tool used to deliver telecommunications services; they should not be a factor in determining business formations.[13]

Second, as pointed out by AT&T, "[a]cquistion of CICs already released by NANPA does not deplete the pool of CICs available for assignment by NANPA."[14] Since, the CICs are already in use, they simply continue in use after the merger or acquisition; there is no net loss of assignable CICs.

Of all the parties filing comments, only one party, WinStar, supports the Commission's proposal to remove the distinction between directly assigned CICs and CICs acquired by other means.[15] Even GTE, which would impose a limit on the total number of CICs for a single entity, does not support the Commission's proposal to subject merger and

[13] WorldCom Comments at 9-13.

[14] AT&T Comments at 15.

[15] WinStar Comments at 4.

acquisition CICs to the same limits that might apply to directly assigned CICs.[16] GTE's proposal to limit an entity's total number of CICs was included as a minority opinion that accompanied the NANC Recommendations.[17] That opinion not only did not win the support of NANC, but not a single commenter, other than GTE, supported GTE's total limit concept in the initial comments.

Neither WinStar nor GTE address the disruptive effects that their proposals would have on the marketplace in terms of cost, customer displacement or the discouragement of beneficial business combinations. Although each raises vague concerns over "competitive imbalances,"[18] neither demonstrates that the costs they would impose on the industry justify the remedy -- particularly as we move into an environment where the CIC resource has expanded ten-fold.

WorldCom also believes that the number of CICs an entity can receive through direct assignment should not be impacted by the number of CICs obtained through other means. In the Ad Hoc Working Group which led to the NANC Recommendation, BellSouth proposed limiting the number of directly assigned CICs for entities whose total number of CICs exceeded the limit for directly assigned CICs. The Ad Hoc Working Group rejected this proposal and, even though BellSouth included it as a minority opinion attached to the

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[16] GTE Comments at 8.

[17] NANC Recommendation, Appendix B.

[18] GTE Comments at 9.

NANC Recommendation,[19] no party supported BellSouth's view in the initial round of comments. Parties appear to recognize that this approach would unnecessarily penalize parties to mergers and acquisitions.

WorldCom supports the consensus industry opinion that no limits be imposed on CICs obtained through mergers and acquisitions and urges the Commission to adopt the NANC Recommendation on this point.

VI. THE COMMISSION SHOULD GIVE FURTHER CONSIDERATION TO THE USE OF "PSEUDO-CICS" OR "RESELLER IDENTIFICATION CODES"

In the Further Notice, the Commission raised the question of "pseudo-CICs" as alternatives to CICs.[20] The Ad Hoc Working Group did not fully understand the issue but recommended that the differences between intranetwork and pseudo-CICs be studied by appropriate industry committees.[21] WorldCom believes that it may be possible to use "pseudo-CICs" in lieu of CICs to identify resellers in local exchange carrier systems and in billings to end users. The use of such an identifier would greatly aid the Commission in its efforts to curtail slamming and to ease customer confusion.

For that reason, WorldCom strongly supports the comments of IXC regarding the development and use of what IXC calls Reseller Identification Codes or "RICs."[22]

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[19] NANC Recommendation, Appendix B.

[20] Further Notice at ¶18.

[21] NANC Recommendations at ¶17.

[22] IXC Comments at 8.

WorldCom believes that the RICs described by IXC are the same as the "pseudo-CICs" about which the Commission requested comments.

The concept of pseudo-CICs first arose in the context of the Commission's 1995 Slamming Order, where it was first proposed by BellSouth as a means of identifying long distance resellers.[23] WorldCom strongly supported the concept in that proceeding and encouraged the Commission to further explore the development of a system of pseudo-CICs. Instead, the Commission chose to "defer a full examination of this issue to another proceeding."[24]

WorldCom continues to believe that the pseudo-CIC concept is an idea worth pursuing. This is especially true when several states are known to be considering rules that would require resellers to obtain CICs, not for the routing of traffic, but simply for purposes of identification. Pseudo-CICs could fulfill the states' need without the necessity for resellers to obtain CICs from the NANPA pool.

WorldCom urges the Commission not to take the lack of comment on this issue as a lack of interest and urges the Commission to examine the issue of pseudo-CICs -- or Reseller Identification Codes -- more fully.

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[23] Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers, Report and Order, 190 FCC Rcd 9560 (1995)("Slamming Order") at ¶30.

[24] Slamming Order at ¶31.

V. CONCLUSION

For the reasons expressed in its initial comments and in these reply comments, WorldCom urges the Commission to adopt the NANC Recommendations in their entirety.

April 3, 1998

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CERTIFICATE OF SERVICE

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